

**DATE:** February 10, 2009

**TO:** IIPRC Management Committee

**FROM:** IIPRC Industry Advisory Committee

**SUBJECT: Comments on:**

- **Additional Standards for Intermediate Period Endowment Benefit Features for Individual Life Insurance Policies (including Return of Premium)**
- **Additional Standards for Bonus Benefits for Individual Deferred Variable Annuity Contracts**
- **Additional Standards for Index-Linked Crediting Features for Individual Non-Variable Adjustable Life Policies**

**Re: Additional Standards for Intermediate Period Endowment Benefit Features for Individual Life Insurance Policies (including Return of Premium)**

The Industry Advisory Committee recommends the following changes:

- Change all references from “Actuarial Guideline CCC” to “Actuarial Guideline XLV” (occurs in 5 places).
- Skip a line in **C. LOANS** between Items (3) and (4).
- Skip a space between “policy” and “comply” in **B. ACTUARIAL MEMORANDUM REQUIREMENTS**, Item (1)(a).
- Change “Individual Term Life Insurance Policy Standards” in **C. LOANS**, Item (4) and **D. NONFORFETURE VALUES – POLICY PROVISIONS**, Item (4) to “Individual Term Life and Whole Life Insurance Policy Standards.”
- Change “term policy” to “policy” in **D. NONFORFETURE VALUES – POLICY PROVISIONS**, Item (4).
- Add an additional Item (6) to **GUIDELINES FOR NONFORFEITURE MINIMUM VALUE COMPLIANCE**, which would read:

*Section C of Actuarial Guideline XLV requires that actual cash values for the policy must also satisfy the consistency of progression of cash values test (smoothness test) contained in Section 8 of the Law, considering guaranteed benefits and premiums during the entire period death benefits are available under the policy. For the purpose of this test, the unitary adjusted premiums should be*

*used (i.e. those defined in Section 5c of the Law, for all durations over the life of the policy, as a constant percentage of the gross premium).*

Adding this item would clarify what we understand was the intention of Actuarial Guideline XLV.

### **Re: Additional Standards for Bonus Benefits for Individual Deferred Variable Annuity Contracts**

The Industry Advisory Committee recommends the following changes:

- In **ACTUARIAL MEMORANDUM REQUIREMENTS**, Item (1), move the “and” at the end of Item (c) to the end of Item (d), and replace the period with a semi-colon.
- In the third to last line of the Drafting Note to the **GUIDANCE FOR COMPLETING APPENDICES A-1 AND A-2**, change “contract” to “contracts.”
- Skip a line before Item (3) in the **GUIDANCE FOR COMPLETING APPENDICES A-1 AND A-2**.

### **Re: Additional Standards for Index-Linked Crediting Features for Individual Non-Variable Adjustable Life Policies**

The Industry Advisory Committee recommends the following changes:

- At the end of Item (1)(a) of **A. GENERAL** under **ADDITIONAL SUBMISSION REQUIREMENTS**, change the period to a semi-colon.
- At the end of Item (1)(a) of **A. AMENDMENTS**, add the following sentence:

*The change shall be made by the use of an endorsement subject to the applicable prior approval requirement.*

Adding this section would make this item consistent with the latest changes made to other standard that include this provision.

- At the end of the second to last sentence of Item (1) of **C. DISCONTINUATION OF OR SUBSTANTIAL CHANGE TO AN INDEX**, insert “(IIPRC)” to be consistent with other standards.

Submitted by:

***IIPRC Industry Advisory Committee:***

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